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**AVIATION FUEL AND OIL ISSUES TO CONTRACT, CHARTER, AND CIVIL
AIRCRAFT**

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DEPARTMENT OF THE AIR FORCE

26 May 1983

Fuels, Propellants, and Chemicals

AVIATION FUEL AND OIL ISSUES TO CONTRACT, CHARTER, AND CIVIL AIRCRAFT

This regulation outlines the procedures for issuing fuel to contract, charter, and civil aircraft, explains when these issues may be made on credit, and at what price. It also explains when federal excise taxes must be collected on these issues.

These procedures are to be used by every Air Force base fuels management office. The regulation applies to all regular Air Force, Air National Guard, and Air Force Reserve activities that refuel aircraft. Send requests for waivers in writing to HQ USAF/LEYSF through command channels. Major commands (MAJCOMs) may issue supplements only to describe command-unique procedures permitted by this regulation.

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1. Terms Explained:

a. AF Form 181, Civil Aircraft Landing Permit. An application which, when validated by an Air Force approving authority, authorizes the civil operator to use the installation(s) under the terms of AFR 55-20.

b. Authorized Credit Letter. A letter submitted by an aircraft operator (airline or other owning organization) requesting approval to buy Air Force fuel and oil on credit (attachment 1).

c. Aviation Fuel and Oil. Aircraft fuel and bulk oils owned by the Fuels Division, Air Force Stock Fund. See AFM 67-1, volume I, part Three, chapter 1 for a list of products.

d. Bailed Aircraft. United States Government-owned aircraft on loan to a contractor. As used here, bailed aircraft are those provided to Department of Defense (DOD) contractors as government furnished property (GFP).

e. Charter Aircraft. Aircraft operating under a charter agreement with any US Government agency to transport government cargo or passengers.

f. Contract Aircraft. Aircraft operating under contract to any US Government agency to transport government cargo or passengers. Airlift contractors are not billed for fuel issued to aircraft performing LOGAIR and Navy QUICKTRANS missions. These issues are reimbursed by HQ AFLC (LOGAIR) and NAVMTO, Norfolk NAS VA (QUICKTRANS).

g. Federal Excise Taxes (FETs). Taxes levied under various sections of federal law on many types of items, including aviation fuel and oil sold within the United States. See paragraph 10 for cases when these taxes apply.

h. Standard Price. DOD-established prices for issuing stock fund-owned aviation fuel. These prices are the same at all DOD locations.

i. Stock Fund. For purposes of this regulation, the Fuels Division, Air Force Stock Fund (AFSF).

j. Accessorial Charge. A charge added to the cost of fuel sold at standard price to recover costs to the government, incident to the sale of fuel and oil.

k. Administrative Charge. A charge added to the cost of fuel, in addition to the accessorial charge, for use of the Air Force supply system and to recover billing costs.

2. How to Recognize Contract, Charter, and Civil Aircraft. Most DOD and NASA contract charter aircraft carry DD Form 1896, Jet Fuel Identaplate; DD Form 1897, AVGAS Identaplate; or AF Form 1245, USAF AVGAS Identaplate. This identaplate is prepared as directed by the cognizant MAJCOM contract office or Detachment 29, San Antonio ALC/SFM. Other specific identification carried aboard these and other types of flights is described below:

NOTE: If documentation is not available, before refueling check with the administrative contracting (or transportation) office, who will provide necessary information

to the fuels management officer (FMO).

a. Contract Aircraft—Department of Defense:

(1) Domestic flights. DOD flights carry a:

(a) Certificate of LOGAIR Operations (USAF—AFLC); or

(b) A Certificate of QUICKTRANS Operations (Navy); or

(c) A Certificate of Courier Service Operations (MAC); or

(d) A Certificate of Intra-Alaska Operations (MAC).

(2) International Flights. These may be identified by MAC Form 8, Civil Aircraft Certificate—Contract.

(3) Flights Totally Within an Overseas Area. Contracting officers (or overseas area transportation officers) issue identification for these flights. They will advise the BFMO at each base to be transited and describe the type of identifying papers to make sure the flight is identifiable as a contract flight.

b. Contract Aircraft Operating for Other Departments of the US Government:

(1) Each agency that expects its contract aircraft to need fuel service at an Air Force base will advise San Antonio ALC/SFX, Kelly AFB TX 78241, at least 15 days in advance of the first scheduled landing. The agency will:

(a) Describe identifying documentation and,

(b) State whether its contract rates are partially based on furnishing government-owned fuel at a standard price, and whether the carrier has met the requirements for tax exemption.

(2) SA-ALC/SFX will notify each base of the price to charge for fuel and oil.

c. Bailed (Government-Furnished Property (GFP)) Aircraft. These aircraft should carry a valid DD Form 1896, Jet Fuel Identaplate, DD Form 1897, AVGAS Identaplate, or AF Form 1245, USAF AVGAS Identaplate, prepared by Detachment 29, SA-ALC/SFM, Cameron Station, Alexandria VA 22314, at the request of the MAJCOM that controls the contract. (For more information see Defense Acquisition Regulation (DAR). These aircraft are considered civil aircraft if they do not present an identaplate.

d. Charter Aircraft—Department of Defense:

(1) Cargo Service Flights. These are identified by SF Form 1103, US Government Bill of Lading, bearing a civil air freight movement (CAFM) number.

(2) Passenger Service Flights. These are identified by SF Form 1169, The United States of America Transportation Request, bearing a commercial air movement (CAM) number.

NOTE: The SF 1169 may not be available until passengers board the aircraft. If the plane must be refueled before passengers board, get the CAM number from the aircraft commander and verify it with the base operations or transportation officer.

(3) Army and Air Force Exchange Service (AAFES) Government Charter Flights. In certain cases, AAFES

may charter a cargo flight. These flights carry AAFES Form 4150-1, AAFES Purchase and Delivery Order.

(4) **Military Traffic Management Command (MTMC) Charter Flights.** The identification for these flights is SF 1169, bearing a CAM number. These are short term charters that originate and terminate within CONUS. HQ MTMC will inform each base that will be transited by these flights (with information copy to SA-ALC/ACFMA) of details in advance. Each MTMC charter must carry a valid AF Form 181, Civil Aircraft Landing Permit.

(5) **Flights Totally Within an Overseas Area.** For these flights, the chartering office must notify each base where the flight will land and tell what identifying papers will be available in the aircraft.

e. Charter Aircraft, Other US Departments and Agencies. Other government agencies will advise SA-ALC/SFX in the manner prescribed for contract flights in b above.

f. Civil Aircraft. Any aircraft not identifiable as a military, contract, bailed, or charter aircraft will be considered civil aircraft. Civil aircraft carry AF Form 181 when authorized to land at Air Force bases. Civil Air Patrol (CAP) aircraft on USAF-directed missions, while civil aircraft, may be furnished fuel as required under the special authority granted by Title 10, United States Code (U.S.C.) section 9441(b)(3). They may be identified by tasking documentation carried aboard the aircraft.

g. Humanitarian Flights. HQ USAF/PRPJ may approve landing and refueling rights for certain international humanitarian flights. Guidance on prices to charge will be provided upon notification of flight approval.

3. Air Force Fuel and Oil Sales Policy for Contract, Charter, and Civil Aircraft. Fuel and oil are not sold to these aircraft in competition with private enterprise. There are strict limits on when, how much, and at what price fuel and oil may be sold to them. (For a summary of these rules, see table 1). Fuel and oil may be sold to these aircraft under the following rules:

a. Emergency Landings of Any Aircraft. Sale of enough fuel and oil to permit the aircraft to reach its next destination, home station, or commercial refueling point, as requested by the aircraft commander is authorized. Base operations may assist in determining the amount of fuel required after consultation with the pilot.

b. Contract Aircraft. If starting or continuing a contract flight, they may be refueled as necessary to permit continuation of the flight. If they are completing a flight, they may be issued enough fuel (sometimes called "depositioning" fuel) to reach the destination designated by the operator.

c. Charter Aircraft. Aircraft under US Government charter are refueled like contract aircraft if the aircraft begins or ends a flight at an Air Force base. That is, if a charter flight starts at a base, the aircraft may be issued fuel as required to perform the flight. After the flight

ends, fuel quantities are limited as for depositioning of contract aircraft.

(1) If the flight ends at a facility where commercial refueling is available, the carrier may not buy USAF fuel or oil except in an emergency.

(2) Commercial fuel is considered not available when:

(a) There is no commercial refueling capability at the termination point (for example, a regular Air Force base); or

(b) The commercial service at a collocated Air Force/civil airfield cannot be provided because of safety, economic, or other reasons.

NOTE: LOGAIR contractors sometimes perform charter missions. The air terminal can confirm whether the fuel issued is for a valid LOGAIR contract operation.)

d. Bailed Aircraft and CAP Aircraft. When bailed aircraft carry a valid DD Form 1896, DD Form 1897, or AF Form 1245, or when a CAP aircraft operates under USAF direction, fuel may be furnished under the same quantity rules as for contract aircraft. Otherwise, consider bailed aircraft and CAP aircraft as civil aircraft.

e. Civil Aircraft. Civil aircraft authorized to use USAF installations on official US business may be sold enough fuel to reach their next destination.

4. Prices To Charge. Sales of aviation fuel and oil are priced to recover government costs. When the government reimburses an air carrier or contractor for the cost of fuel, the sale will be at standard price.

a. Contract Aircraft. When the carrier is operating within contract terms, sell fuel to these aircraft at the standard price. Upon completion of a contract flight the carrier is authorized to purchase enough fuel at standard price to deposition to carrier's home base or next MAC contract origin point. When fuel is requested, MAC contract administrators/coordinators will advise the base fuels management office of carrier's status; contract flight origin, continuation, or depositioning. Fuel sold in excess of that required to deposition to home base or next MAC contract origin point will be at the civil aircraft price. Contract carriers diverting to a base merely to refuel will be charged at a civil aircraft price. (see c below).

b. Charter Aircraft. Sell fuel and oil to these aircraft at standard price plus an accessorial charge of 3.5 percent (table 1). If the carrier diverted to a base merely to buy government fuel, consider it to be a civil aircraft and charge accordingly (see c below).

c. Civil Aircraft. Sell fuel and oil to these aircraft at standard price, plus an accessorial charge of 3.5 percent and an administrative charge of 2 percent (table 1). Occasionally, privately-owned civil aircraft are used to perform services for the US Government. Sell fuel to these aircraft at the standard price plus an administrative charge of 2 percent.

d. Bailed Aircraft and CAP Aircraft. Provide fuel and oil to these aircraft at standard price when proper

TABLE 1

DETERMINATION OF AUTHORIZED SALES AND PRICE OF AVIATION FUEL AND OIL

R U L E	A	B	C	D
	If the aircraft is operating as a	as verified by	then issues of fuel or oil may be made (see note 1, 2)	and the price will be
1	contract aircraft (including bailed GFP with identaplates)	certificate of LOGAIR, QUICKTRANS, courier service, or intra-Alaska operations, or MAC Form 8, Civil Aircraft Certificate Contract	after flight ends, as needed to get to home station, next MAC contract origin point, or point designated by operator	standard price. See paragraphs 3c and 4b when contract aircraft may be deemed civil aircraft, then the price is standard plus 5.5% accessorial and administrative charges.
2			at origin or continuation point, as needed for continuation of flight;	
3	charter aircraft	SF 1103 w/CAFM number, or SF 1169 w/CAM number, or AAFES Form 4150-1, or official notification from another source	after flight ends at point without commercial fuel, as needed to get to home station, next MAC charter origin point, or point designated by operator	standard price plus 3.5% accessorial charge. See para 2d when charter aircraft may be deemed civil aircraft, then the price is standard, plus 5.5% accessorial and administrative charges.
4			at origin or continuation point, as needed for continuation of flight,	
5	civil aircraft performing services	AF Form 181, or orders	as needed to get to next destination	standard price plus 2% administrative charge.
6	civil aircraft on official US business	AF Form 181	as needed to get to next destination	standard price plus 5.5% accessorial and administrative charges.
7	civil aircraft on emergency basis	lack of AF Form 181	as needed to get to next destination	
8	CAP aircraft on USAF orders	AF Form 181 or orders	as needed to reach next destination on orders	for reimbursement to stock fund by MAC, standard price.

NOTES:

1. All aircraft must have a valid landing permit, AF Form 181, unless making an emergency landing. Sales may be restricted by foreign government regulations, laws, practices, or international agreements.
2. When state, county, or municipal government (including the District of Columbia) aircraft are providing emergency support to DOD components, charge the standard price. Otherwise, charge standard price plus 5.5% accessorial and administrative charges.

identification is presented (paragraph 3d).

e. **State, County, and Municipal Government Aircraft (Including District of Columbia).** Normally, these aircraft will be treated as civil aircraft and charged an accessorial charge of 3.5 percent plus an administrative charge of 2 percent. However, when they are providing support to DOD components for activities such as search and rescue operations, or medical evacuation, fuel will be sold at standard price.

5. **Establishing Credit for USAF Fuel and Oil.** Air carriers and other aircraft organizations authorized to operate aircraft on USAF airfields under AFR 55-20 may submit applications to purchase Air Force-owned fuel and oil on credit. Credit authorizations are established to avoid handling large cash payments. Emergency credit procedures are in paragraph 7.

a. **Authorized Credit Letters.** Air carriers, or operators who require credit must submit an authorized credit

letter to HQ USAF/PRPJ, Wash DC 20330, in original and two copies, in the format outlined in attachment 1.

b. Credit Security. Credit applicants, other than those under contract or charter to USAF, will be required to estimate monthly purchases. All new applicants estimating purchases in excess of \$20,000 per month are required to post a performance bond guaranteeing payment, or a confirmed bank Letter of Credit, equal to the estimated fuel purchases for a 3-month period. The bond or Letter of Credit will be irrevocable for the duration of credit authorization. When emergency situations (such as refugee airlifts, support of disaster relief operations, etc.) occur, and time does not permit posting of bond, or Letter of Credit, the US Government agency or the organization chartering or sponsoring airlift services will be required to provide a written guaranty of payment, pending receipt of a bond or Letter of Credit from the carrier. Charter or contract carriers with marginal payment histories may have contract payments set aside to ensure prompt payment of fuel transactions.

c. HQ USAF/PRPJ Will:

(1) Annotate AF Form 181 that the authorized credit letter has been submitted.

(2) Forward a copy of AF Form 181 to SA-ALC/SFX, and SA-ALC/ACFMA, Kelly AFB TX 78241. When applicable, send the bond or Letter of Credit to SA-ALC/ACFMA.

d. SA-ALC Responsibilities:

(1) SA-ALC/ACFMA will advise SA-ALC/SFX whether:

(a) The applicant has a good payment record, if any, and/or;

(b) The applicant appears either on the US Army Finance and Accounting Center (USAFAC) or DAR "Hold-Up List" (see AFR 177-102 and DAR Appendix E-518.2).

(2) SA-ALC/ACFMA and SFX will use this and any other available credit information to jointly determine if the applicant qualifies for credit. Carriers or operators who are indebted to the US Government under the terms of a previous credit arrangement will be denied credit pending full payment of outstanding debts. Carriers or operators with a history of delinquent payments during a previous credit arrangement with the US Government may, at SA-ALC option, be required to post bond or Letter of Credit, for avfuel purchases or may be denied further credit.

(3) SA-ALC/SFX will:

(a) Inform the applicant, with information copies to the contracting or chartering office (if appropriate), SA-ALC/ACFMA, and HQ USAF/PRPJ, of the government decision on credit.

(b) When credit is approved, publish the names and expiration dates of credit approvals through a controlled multiple address letter (CMAL). Revocations of credit (paragraph 8) will also be published in the CMAL.

Message changes may be made to satisfy operational requirements.

(4) The CMAL is the sole authority for sale of fuel on credit. Questionable credit requests (other than emergencies) may be directed to SA-ALC/SFX (Autovon 945-4501).

e. Identaplates for USAF Contract and Charter Aircraft Missions. The MAJCOM responsible for the contract or charter agreement will issue controlled avfuel identaplates (DD Form 1896, DD Form 1897, or AF Form 1245) after credit approval.

(1) Identaplates are embossed as prescribed in AFM 67-1, volume I, part Three, chapter 1. They must show an expiration date of 12 months from the date of issue or, if the fuel requirement is based on a contract or charter arrangement, the date the arrangement or contract expires. Exception: Normally, MTMC charter aircraft are one-time, single-flight charter arrangements. If credit is approved, obtain billing data for these charters from the carrier's agent or a crew member.

(2) If a USAF contract or charter aircraft requests refueling on credit and does not have an identaplate, use AF Form 181 (jointly with the authorized credit CMAL) to verify credit authority and obtain a billing address. If identaplates required by this regulation are not made available for refueling or are not aboard the aircraft, ask the MAJCOM office that controls the contract to follow up with the carrier to locate the lost identaplate.

(3) BFMOs may issue new identaplates when authorized by the MAJCOM contracting office; Det 29, SA-ALC/SFM; or SA-ALC/SFX.

f. Identaplates for Civil Aircraft Operators or Missions. SA-ALC/SFX will determine whether to issue an identaplate for this type of carrier or mission. If the aircraft has recurring refueling needs that will last more than 90 days, or if the mission requires special information best obtained from an identaplate, SA-ALC/SFX will direct preparation of an identaplate.

6. Procedures for Renewing Credit:

a. At least 90 days before a carrier's or operator's credit expires, SA-ALC/ACFMA and SA-ALC/SFX will determine whether credit should or should not be renewed.

b. If the credit record is satisfactory, SA-ALC/SFX will advise the carrier or operator that credit will expire unless an extension is requested.

c. The carrier or operator will notify SA-ALC/SFX of their continuing credit requirement by written response (attachment 2).

d. When credit is extended, the responsible office will issue the required number of new identaplates, showing the new expiration dates. The office directing identaplate preparation will inform SA-ALC/SFX of such action at least 30 days prior to effective date.

e. SA-ALC/SFX will update the authorized credit CMAL at least 15 days prior to effective date.

7. Emergency Credit Procedure. If a civil air carrier makes an emergency landing and requires fuel but cannot pay cash, the base commander may authorize emergency one-time credit when all of the following conditions are met:

- a. The carrier is registered as a commercial carrier, and
- b. The pilot or crewmember provides the complete billing information, and
- c. Base accounting and finance cannot find the carrier listed on any "hold up" list, and
- d. One of the following types of credit agreements is made:

(1) The pilot or crew member is authorized to sign a reimbursement agreement in the format of attachment 3, or

(2) An authorized representative of the air carrier agrees orally, and will confirm by teletype within 24 hours (see format, attachment 4), to reimburse the Air Force. If this arrangement is used, obtain billing information from the official agreeing to the reimbursement.

NOTE: Emergency credit sales made according to this paragraph will be reported to SA-ALC/ACFMA/SFX within 2 workdays.

8. Credit Revocation. When a carrier does not comply with terms under which credit was extended, the following procedures apply:

a. SA-ALC/ACFMA will advise AFAFC/TCB (attach copy of carrier's authorized credit letter). If AFAFC/TCB determines that collection cannot be made and that credit should be revoked, that office will ask HQ USAF/PRPJ to cancel credit.

b. HQ USAF/PRPJ will notify SA-ALC/ACFMA/SFX, HQ USAF/LEYSF and AFAFC/TCB that credit has been revoked.

c. SA-ALC/SFX will immediately amend the authorized credit CMAL to revoke carrier's credit.

9. Billing and Collecting. Use the normal billing procedures prescribed in AFM 177-206, section 42 for billing aviation fuel sales to non-DOD customers. Each carrier or operator who has been granted credit must comply with the authorized credit letter (estimated usage payments), when applicable.

10. Federal Excise Taxes (FETs). Most Federal excise taxes are computed and collected by SA-ALC/ACFMA (credit sales). Use the following guidance at base level in computing FET on a cash sale that must be collected by the BFMO:

a. Federal law imposes taxes on the sale of various types of petroleum products in the United States (CONUS, Alaska, DC, and Hawaii). Tables 2 and 3 are provided to help determine when and how much tax must be added to sales of fuel and oil to contract, charter, and civil aircraft. (For reference, the applicable laws in Title

26, U.S.C. are: Chapter 31, section 4041; chapter 32, sections 4081, 4091, 4221, and 4293.)

b. Depending on circumstances, the Air Force must collect from contract, charter, and civil aircraft one or two types of FET, except at overseas locations or when tax exemptions apply.

c. Retail FET:

(1) Collect a retail FET on sales to aircraft engaged in noncommercial aviation. This term relates strictly to tax laws and is defined (26 U.S.C. 4041) basically as "any use of an aircraft, other than use in a business of transporting persons or property for compensation or hire by air . . ." Generally, these noncommercial aircraft are privately-owned or company planes and aircraft of research groups performing government studies.

(2) In order for an aircraft operator to be exempted from any retail FET, the carrier must file a Tax Exemption Certificate (in the format of attachment 5) with SA-ALC/ACFMA, Kelly AFB TX 78241. The carrier may also present (and surrender) a copy of this certificate at time of refueling. When certifying an exemption from retail FET, the carrier must cite the number of its "Certificate of Registry," (IRS Form 637a). This certificate is filed with Internal Revenue Service.

(3) Foreign and domestic military aircraft are exempt from retail FET.

(4) Retail FET will not be charged on sales of fuel and oil to the following types of aircraft when their operators have filed a Tax Exemption Certificate or when an aircraft operator presents a certificate at the time of refueling:

- (a) Aircraft of state, local, or DC governments.
- (b) Aircraft operated by nonprofit educational institutions.
- (c) Aircraft using fuel for farming purposes.
- (d) Civil aircraft engaged in foreign trade or trade between the United States and its possessions (determined at base level from aircraft's last departure point, next destination or; for contract flights, contract flight termination point: that is, an international origin or destination).
- (e) Aircraft owned by aircraft museums and operated exclusively for the procurement, care, and exhibition of aircraft of the type used for combat or transport in World War II.
- (f) Other US government aircraft, if the exemption is approved by the Secretary of the Treasury; if in doubt, contact SA-ALC/ACFMA.

d. Manufacturer's FET:

(1) Collect a manufacturer's FET on sales of aviation gasoline and all lubricating oils sold for commercial and noncommercial aviation, unless an exemption applies. Military aircraft are excluded.

(2) The exemptions from this tax apply to sales of fuel and oil to all aircraft described above in c(4)(a), (b), (d) and (f).

TABLE 2				
WHEN TO CHARGE TAXES				
R U L E	A	B	C	D
	If aircraft is	and is	and has exemption certificate	then the tax rate is as in table 3, rule:
1	commercial or noncommercial	on any business	no	1
2	noncommercial	owned by a state, local or DC Government	yes	3
3	noncommercial*	owned by a nonprofit-educational agency	yes	3
4	commercial or noncommercial	used for farming	yes	2
5	commercial or noncommercial	engaged in foreign trade or trade between US and possessions	yes	3
6	noncommercial	owned by aircraft museum	yes	2
7	noncommercial	owned by another federal agency	yes**	3
8	commercial	on any commercial business not specifically exempted above	yes	2
9	other	—	yes	2

*A commercial aircraft operating with an approved exemption certificate based on 26 U.S.C. 501c would also be exempt from manufacturer's FET.

**These exemptions must be approved for each agency by the Secretary of the Treasury (26 U.S.C. 4293). An exemption certificate would provide evidence to the Air Force of such exemption.

NOTE: A tax exemption certificate, showing that the carrier is registered with IRS for tax-free sales, is required for exemption from the retail FET. A certificate may be filed for periods up to 1 year, if the carrier believes 90 or more percent of its fuel use during that period will not be for other than noncommercial aviation; otherwise, certificates must be presented for each sale. Certificates filed with Air Force for exemption from manufacturer's FET are valid for up to 3 years.

TABLE 3				
COMPUTING TAXES IMPOSED BY TABLE 2				
R U L E	A	B	C	D
	If type of tax is	then taxes per gallon are		
		JET	AVG	OIL
1	Retailer's	.14	.08	0
	Manufacturer's	0	.04	.06
	Total due	.14	.12	.06
2	Retailer's	0	0	0
	Manufacturer's	0	0	.06
	Total due	0	0	.06
3	Retailer's	EXEMPT		
	Manufacturer's			
	Total due			

(3) An aircraft operator desiring an exemption must file a Tax Exemption Certificate at least once every 3 years with SA-ALC/ACFMA. A certificate (or valid copy) may also be presented (and surrendered) at time of refueling. Certificates presented at refueling should be retained by BFMOs for 4 years.

(4) Registry with the IRS is not necessary for exemption from manufacturer's FET. Omit reference to the Certificate of Registry number if a tax exemption certificate will be filed only for manufacturer's FET exemption.

e. Retain all tax-related documents, wherever filed, for 4 years.

f. See tables 2 and 3 for amounts of taxes.

g. The BFMO will collect taxes on cash sales and deposit the money to the clearing account 57F0152.001 S504300 (SA-ALC). When credit sales are made, the billing office will collect the taxes. (Refueling personnel must mark fuel issue slips clearly according to the type of aircraft being refueled and its tax status.)

h. The Air Force does not collect state and local taxes; but, if requested to do so by local officials, the Air Force will report the sale of aviation fuel or oil to contract, charter, bailed, and civil aircraft. Each sale to contract aircraft must be annotated as "Contract," since local taxes may not apply to these sales.

11. HQ USAF Responsibilities:

a. HQ USAF/LEYSF is responsible for sales and pricing policy.

b. HQ USAF/PRPJ is responsible for processing requests for approval to land at Air Force bases (see AFR 55-20) and for forwarding authorized credit letters to SA-ALC/ACFMA and SFX.

12. Responsibilities of the MAJCOMs. Each major command will comply with identaplate issuance and con-

trol for any contract or charter aircraft operations under its cognizance.

a. If the MAJCOM deals with contract, charter, bailed, or civil aircraft, it will make sure that air carriers and operators understand the provisions of this regulation.

b. Identaplates prepared for bailed aircraft under AFSC/ASD contracts will be issued and controlled by Det 29, SA-ALC/SFM, Cameron Station, Alexandria VA 22314, according to Air Force DAR Supplement.

13. Responsibilities of Base Fuels Management Offices. These offices will:

a. Implement the guidance in this regulation and make sure that refueling personnel know how to identify contract, charter, and civil aircraft; how to determine their

authority to buy on credit and their tax status (cash sales); and how to complete issue slips properly (AF Form 1995, Fuels Issue/Defuel Document (non-DOD)).

b. Work with the base accounting and finance office to set up procedures for collecting, protecting, and depositing cash, checks, or money orders obtained from cash sales. (See AFR 177-101, part Four, chapter 25, and AFR 177-108, chapter 7.)

14. Responsibilities of the Base Accounting and Finance Office. These offices will assist in making cash collections and depositing receipts. They will also help process billings, using the procedures in AFM 177-206, sections 6 and 42.

BY ORDER OF THE SECRETARY OF THE AIR FORCE

OFFICIAL

CHARLES A. GABRIEL, General, USAF
Chief of Staff

JAMES L. WYATT, JR., Colonel, USAF
Director of Administration

SUMMARY OF CHANGES

This revision updates terms (para 1); revises accessorial and administrative charges for charter and civil aircraft (para 4 and table 1); revises credit procedures (paras 5 thru 8); revises application of Federal Excise Taxes (para 10); deletes responsibilities of SA-ALC which are described elsewhere; deletes procedures for billing LOGAIR which are no longer applicable; and revises sample credit letter (atch 1).

(SAMPLE)

AUTHORIZED CREDIT LETTER
ABC Airlines, Inc.
METROPOLITAN INTERNATIONAL AIRPORT
Majortown, USA

HQ USAF/PRPJ
Washington DC 20330

Subject: Credit Purchase of Air Force Aviation Fuel and Oil

Gentlemen:

1. ABC Airlines, Inc., wishes to purchase Air Force-owned aviation fuel and oil required in performance of _____ (see note 1) on credit. In consideration of your authorization of credit, we agree to pay within 20 days of billing date, all amounts due for purchase of aviation fuel and oil from the Air Force. We estimate our fuel purchases will be _____ gallons per month (see note 2).

2. (See note 3 about this paragraph.) We require _____ DD Form 1896, Jet Fuel Identaplate; or DD Form 1897 AVGAS Identaplate (AF Form 1245, USAF AVGAS Identaplate) in performance of the missions cited above. Billing address to be embossed on the identaplates is:

ABC Airlines, Inc.

Metropolitan IAP, Box 123

Majortown, USA 12345

Types of aircraft and tail numbers are:

L188 Nos 123456 and 2345678

L100 No 876543

3. (See note 4 about this sentence.) We agree to present an identaplate when requesting fuel at a USAF base. We will promptly pay to the Accounting and Finance Office, Kelly AFB TX 78241, amounts due for actual or estimated issues of aviation fuel and oil furnished our aircraft during a given monthly or semimonthly period.

a. We will compute the required payment for any given period by multiplying actual or estimated usage of aviation fuel and oil (based on issue slips received and other evidence) by the current DOD standard price plus applicable taxes and related charges.

b. If the estimated payment for any month is less than \$100,000, we will remit such payment monthly, on or before the 10th day of the month following the month in which such issues were made.

c. If the estimated payment for a given month is \$100,000 or more, we will remit such payment twice a month. The first payment will cover issues made during the first 15 days of a given month and will be remitted on or before the 25th day of that month. The second estimated payment will cover issues made during the period from the 16th day until the end of the given month, and will be remitted on or before the 10th day of the month following the month in which such issues were made.

4. We understand that within approximately 60 days after the close of the month cited, the Air Force will provide us with an invoice showing the actual amount that we owe and payments that we may have made for that month. We will remit to the office named above, in paragraph 3, any unpaid balance for that given month within 20 days of billing date. If the invoice discloses an overpayment, such credit will be applied to the next payment due or refunded to us, if required.

5. We understand that failure to comply with these credit arrangements will be grounds for the Department of the Air Force to cancel credit extended as a result of this request. In the event we do not comply with the reimbursement requirements of this agreement, we understand that the Air Force is entitled to withhold funds from amounts due under contracts for services furnished to the government. Any amounts withheld will be equal to the value of debts not paid under this agreement. (See note 5.)

6. It is understood that this agreement may be cancelled voluntarily by either party upon receipt of notice of intent to cancel 30 days prior to the date of such cancellation. Cancellation, however, does not cancel any indebtedness incurred or that may yet arise out of actual fuel and oil purchases made.

Sincerely,

J.T. Smith, President
ABC, Airlines, Inc.

NOTES:

1. Include the type of business you are conducting (for example, contract, charter, or civil aircraft operations). Be specific: cite contract numbers, charter agreements, specific type of civil operations, etc. Insufficient information may delay credit approval or result in disapproval. "Contract" refers to carriers under contract to the US Government to transport passengers or cargo. Specific types of civil operations would include such things as weather alternate use, contractor flights to fulfill the terms of a government contract, etc.
2. Credit applicants, other than those under contract/charter to the USAF, will be required to estimate monthly purchases. Applicants estimating purchases in excess of \$20,000 per month required to post a performance bond guaranteeing payment, or a confirmed bank letter of credit, equal to the estimated aviation fuel purchases for a 3 month period. The bond or letter of credit will be irrevocable for the duration of credit authorization. When emergency situations (such as refugee airlifts, support of disaster relief operations, etc.) occur and time does not permit posting of bond, or letter of credit, the US Government agency or the organization chartering or sponsoring airlift services will be required to provide a written guaranty of payment, pending receipt of a bond or letter of credit from the carrier. Charter or contract carriers with marginal payment histories may have contract payment set aside to ensure prompt payment of fuel transactions.
3. The text of this paragraph or sentence should fit the specific situation. Give the types of aircraft and tail numbers only if not provided through other channels; for example, to the contracting and chartering office of the Air Force. Also indicate if several aircraft of one or more types will use a single indentaplate. Applicants not under transportation contracts or charter agreement may omit the aircraft data and furnish the information only upon request.
4. This sentence can be deleted if you are not requesting indentaplates.
5. If the applicant is not under contract to the government, include only the first sentence of this paragraph.

(SAMPLE)

CREDIT EXTENSION LETTER

ABC Airlines, Inc.

METROPOLITAN INTERNATIONAL AIRPORT

Majortown, USA 00000

San Antonio ALC/SFX
Kelly AFB, TX 78241

Subject: Credit Extension

Re: Your letter, July 1st 19__.

Gentlemen:

This is to advise that we continue to require credit on the terms of our original application.

(optional notes)

We will not need credit after September 30th 19__.

We need an additional _____ identaplates as follows: (note 1)

Type Aircraft

Tail No.

Type Fuel (Note 2)

NOTES:

1. If aircraft tail number control is used, or when any other data supplied by the carrier are required, it may be requested and obtained in this update.
2. Indicate jet fuel or avgas.

Date: _____

(SAMPLE)

EMERGENCY AVFUEL SALES AGREEMENT

1. (When the purchase is made by the pilot or crewmember on behalf of an airline or company, use a below. When the purchase is made for a privately-owned aircraft, use b below.)

a. I certify that I am authorized to purchase aviation fuel on an emergency basis for _____
(name of airline/company)
and that _____ will reimburse the Air Force.
(name of airline/company)

OR:

b. I certify that I received the aviation fuel listed below and that I will reimburse the US Air Force.

2. Payment will be made within 15 days to the Accounting and Finance Officer, _____
(name of base making sale)

Our address is: _____
(complete address)

3. Expenses were incurred for _____ / _____
(type of aircraft) (aircraft number)

and payment in the amount shown below will be made according to this agreement:

- a. List fuel issued, unit cost, and total cost.
- b. List accessorial and administrative charges.
- c. List applicable taxes.
- d. List total of a, b, and c.

Signature (Pilot/Crewmember)

Typed Name

NOTE: Obtain complete address of the company/person making purchase.

(SAMPLE)

EMERGENCY CREDIT TELETYPE

To: SA-ALC Kelly AFB TX/ACFMA/SFX

Subject: Emergency Credit Agreement

1. ABC Airlines, 1234 Big Boulevard, Majortown, USA 00000 agrees to reimburse the United States Air Force within 15 days of being billed for all fuel and oil purchased under emergency landing conditions on September __, 19__, at Pacific AFB.
2. We understand that the billing includes an accessorial and administrative charge of 5.5 percent and any applicable taxes. We further understand that this agreement does not entitle ABC Airlines to purchase fuel on credit at any other time.
3. Billing for this purchase should be sent to the above address, Attn: (symbol of department (or name of responsible agent)).

(SAMPLE)

TAX EXEMPTION CERTIFICATE

(date)

1. The undersigned certifies that he or she, or the _____

(name of purchaser if other than undersigned)
of which he or she is _____, holds certificate of registry
(title)
number _____ * and the fuel delivered into a supply tank of his or her aircraft may be purchased free of tax be-
cause such fuel will be used _____.

2. The undersigned understands that if the fuel is used other than as stated above, and/or for a purpose taxable under the Internal Revenue Code, he or she will be liable for the tax upon such use.

3. The undersigned understands that a fraudulent use of this certificate to secure exemption will subject him or her and all guilty parties to a penalty equivalent to the amount of tax due on the sale of fuel, and on conviction to a fine of no more than \$10,000, or to imprisonment for no more than 5 years, or both, together with the costs of prosecution. The purchaser also understands that he or she must be prepared to establish by satisfactory evidence the purpose for which the fuel purchased under this certificate was used.

(signature)

Box 3001
Oakland International Airport
Oakland, CA 94615

*Omit reference to certificate of registry number if certificate is being filed for an exemption from Manufacturer's FET on gasoline and lubricating oils.